



 **ROMCARBON**

**ROMCARBON S.A.**  
BUZAU, 132 TRANSILVANIEI STREET

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## REMUNERATION POLICY OF ROMCARBON S.A.

### Preamble

In order to comply with the recommendations of the Corporate Governance Code of the Bucharest Stock Exchange and with the provisions of Art. 92<sup>1</sup>. paragraph 1. of Law no.24/2017 on issuers of financial instruments and market operations, amended and supplemented by Law no. 158/2020 for amending, supplementing and for the abrogation of some normative acts, as well as for establishing measures for the implementation of Regulation (EU)2017/2.402 of the European Parliament and of the Council, of 12 December 2017, establishing a general framework on securitization and to create a specific framework for a simple, transparent and standardized and to amend Directives 2009/65 / EC, 2009/138 / EC and 2011/61 / EU, as well as Regulations (EC) no. 1,060 / 2009 and (EU) no. 648/2012, ROMCARBON S.A. as an issuer of financial instruments traded on the main market of the Bucharest Stock Exchange, establishes the remuneration policy regarding, mainly, the directors on which the shareholders have the right to vote in the ordinary general meeting of shareholders, as well as other category of employees.

#### Legal basis:

- The provisions of Law no. 24/2017 regarding the issuers of financial instruments;
- The provisions of Regulation no. 5/2018 of the Financial Supervisory Authority, regarding the issuers of financial instruments and market operations;
- The provisions of Law no. 31/1990, regarding commercial companies;
- The articles of association of ROMCARBON S.A.
- Decision no. 1 of 23.01.2020 of the Ordinary General Meeting of Shareholders regarding the appointment of the members of the Board of Directors of ROMCARBON S.A. for a term of 4 years;
- Decision no. 19 of 24.12.2019 of the Board of Directors of ROMCARBON S.A. regarding the appointment of the General Manager of ROMCARBON S.A. and approval of the conclusion of the mandate contract
- Decision no.1 of 20.01.2020 of the Board of Directors of ROMCARBON S.A. on the approval of the Company's Organization Chart;
- Other incidental normative acts.

#### Terms:

"administrator" - a person mandated by the General Meeting of Shareholders to hold the quality of member of the Board of Directors of the company;

"non-executive administrator" - a person who holds the quality of member of the Board of Directors of the company and at the same time was not appointed Director of the company within the meaning of law no. 31/1990

" executive administrator" - a person who holds the quality of member of the Board of Directors of the company and at the same time was also appointed Director of the company within the meaning of law no. 31/1990"

"board of directors" - management structure of the company consisting of 3 members elected by the General Meeting of Shareholders, responsible for performing all acts/operations necessary and useful to achieve the object of activity of the company, except those reserved by law for the general meeting of shareholders.

"general director" - a person to whom the management of the company has been delegated and who is responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and respecting the exclusive competences reserved by law or the articles of association to the Board of director and to the General meeting of shareholders.

"deputy general director/manager" - a person who holds a key position in the company and is responsible at the highest level for performing necessary and useful operations to achieve the object of activity of the company;

"company staff" - employees of the company who receive a total remuneration, regardless of the category of staff, including senior staff with management responsibilities, those with control functions and who place them in the same category of remuneration with the persons in management positions, whose professional activities have a significant impact on the company.

"fixed remuneration (component)" - the form of payment or indemnity paid by the company without taking into account some performance criteria;

"Variable remuneration (component)" - the form of payment or indemnity paid by the company above the level of the fixed component, taking into account some performance criteria;

"performance period" - the period in which performance is evaluated and measured in order to determine the variable component;

"compensatory payment" - payment(s) related to the early termination of a contract on the initiative of the company without the termination being caused by a culpable non-performance of the persons mandated to manage the company.

"remuneration report" - the document confirming the implementation of the remuneration policy for the financial year,

"operational unit" - profit center

## Objectives of the Remuneration Policy

The main objectives of the remuneration policy are:

- a) to contribute to the long-term sustainability of the company;
- b) to maintain the competitiveness of the society on the labor market;
- c) to ensure adequate conditions for attracting managers/employees with the necessary and useful skills to fulfill the purpose of the company.
- d) to create a satisfactory level of retention of managers/employees;
- e) to support/facilitate the successful implementation/development of the company's strategy in the short, medium and long term;
- f) to provide tools to reward exceptional performance / achievements.

The remuneration policy has been designed to align with the company's strategy, objectives, values and interests and to ensure a sound and effective management of both risks and opportunities.

## Principles of Remuneration Policy

### **The principle of adequacy of remuneration to the activity profile of the company**

The remuneration policy is designed to comply with the principles applied in the administration/management of the company's activities, respectively prudence, diligence, solid/sustainable development and effective risk management, without encouraging the assumption of risks incompatible with the activity profile, internal rules or the articles of association of the company.

The remuneration policy is in line with the company's values and beliefs and is an important component of the business strategy, serving to achieve the company's objectives and interests, as well as shareholders, investors, while pursuing avoiding conflicts of interest.

### **The principle of proportionality of remuneration**

The remuneration policy elaborated by the Board of Directors respects the provisions of the labor legislation and those agreed by the collective labor contract applicable at company level.

The company will, therefore, always respect the remuneration principles established by the applicable legal regulations regarding the remuneration of work, in a manner adequate to its size, internal organization, respectively the nature and complexity of its activities.

Therefore, the principle of proportionality may lead to the non-application of the principles of remuneration of the identified personnel, insofar as this mode of action of the

company is compatible with its short, medium and long term strategy, with its activity profile and / or with the company's risk appetite, respectively with the level of resources it manages.

**Principles regarding the recovery of the variable remuneration (component) of adjustment type (malus) and of refund type (claw - back)**

Considering the fact that ROMCARBON SA, as issuer has the right, and not the obligation, to recover in certain situations the variable remuneration (component), already assigned, and considering that the variable remuneration is granted only after the prior and rigorous verification of fulfilling the conditions stated in the content of this policy, the Board of Directors considers that there is no need to regulate the recovery of remuneration in any of the ways provided (malus or claw - back).

Regarding the application of the principles regarding the recovery of variable remuneration, the Board of Directors reserves the right, when re-evaluating the remuneration policy, its revision and/or adequacy, to clearly establish in the policy, the procedure regarding the recovery of variable remuneration, the period affected by the event which determines the recovery and / or the type of refund, etc.

**Remuneration of Administrators**

The members of the Board of Directors, in office for a term of 4 years, starting with 04.02.2020, exercise this mandate without being remunerated, as decided by the Ordinary General Meeting of Shareholders (OGMS), taking into account the principle of aligning the interests of persons with decision-making power in the company with the interests of shareholders and other parties involved.

**Remuneration of the General Director**

The General Director is entitled to receive a fixed monthly remuneration having concluded with the company a mandate contract with a duration of 4 years for the exercise of the quality of Director, within the meaning of art. 143 of Law 31/1990 ("Director").

In the situation the General Director is also an executive administrator, he is entitled only to the payment of the total remuneration (benefits included) according to the mandate contract concluded in his capacity of General Director.

Also, the remuneration of the Director includes other forms of remuneration, respectively health insurance, civil liability insurance (Professional), service car, endowments and equipment, funds for travel in the interest of service.

The General Director may also benefit from a variable remuneration (component) which, however, can be granted only with the prior approval of the Board of Directors.

**Remuneration of deputy general director/ managers**

The remuneration of staff who hold key positions in the company and are responsible at the highest level for performing operations necessary and useful to achieve the company's object of activity, includes the fixed component and the variable component, in which case the

principle is to maintain an adequate balance between the fixed and the variable component of the total remuneration

The fixed component represents the most significant proportion in the total remuneration, which allows the application of a flexible policy regarding the variable components of remuneration, including ensuring the possibility of not paying the variable component of remuneration.

The variable components are those that depend on the performance and are calculated according to a periodic evaluation of the performances of the operational unit (profit center), monthly / quarterly / half-yearly / annual (period of performance), as the case may be, in which the individual performances and those of the operational unit (profit center) are combined and, as the case may be, also the global performances of the Company.

### **Remuneration of company staff**

Remuneration of the company's employees who receive a total remuneration, regardless of the personnel category, including the senior staff with management attributions, the one with control functions and who are placed in the same remuneration category with the persons in management positions, whose professional activities have a significant impact on the Company, includes in principle only the fixed component and only for special performances can be granted, following an analysis of individual performances, a variable component.

#### **Fixed remuneration (component) is subject to the following conditions:**

- a) the award is based on predetermined criteria, depending on the level of responsibilities and competencies (level of decision - adoption and impact), complexity of tasks and situations involving resolution or coordination on the position, intensity and variety of work, level of analytical judgment , initiative, or innovation / creativity involved in the job, the level of specialization required, the degree of routine activities, etc.;
- b) is granted non-discretionary to the level of professional experience and seniority of employees;
- c) is granted in a transparent manner regarding the individual amount granted to each employee;
- d) is permanent / maintained for a period of time closely related to the specific role and organizational responsibilities;
- e) is irrevocable;
- f) it is permanent and can be changed only through collective negotiation, individual renegotiation or as an effect of the modification of the legislation in the field of remuneration;
- g) may not be reduced, suspended or canceled by the company except in accordance with the law .

#### **The variable remuneration (component) is subject to the following conditions:**

- a) does not meet the conditions for its inclusion in the fixed remuneration category;
- b) its value is based on the evaluation of the individual performance, of the performances of the operational unit (profit center) and, as the case may be, corroborated with that of the global performances of the Company;
- c) for granting, both financial and non-financial aspects are taken into account, such as compliance with the systems, implemented projects, team development/conduct, customer satisfaction, etc.
- d) is granted depending on the fulfillment of the key performance indicators (KPI) per operational unit;
- e) is granted depending on the level/degree of achievement of the individual/ budgeted and/or departmental objectives and on the special conditions of the relevant market for the company's activity;
- f) is granted only if it is sustainable depending on the financial situation of the Company, as a whole, and is justified by the performance of the operational unit (profit center) within the company and / or of the person concerned.

Regarding the variable remuneration (component), the Board of Directors, taking into account the organizational structure of the company, the adequacy of the remuneration policy to correspond and ensure the long-term sustainability of the company, considers that the requirements of the payment of variable remuneration in financial instruments, requirements regarding withholding and deferral, requirements regarding the ex-post inclusion of risks for variable remuneration can be exempted from application. In this sense, the Board of Directors considers that the non-application of the above requirements corresponds to the company's strategy regarding remuneration and regarding the prudent and diligent management of its own human and material resources.

## **Internal Structures with Remuneration Responsibilities**

Regarding the remuneration at the level of ROMCARBON S.A. the following structures have competences:

The Board of Directors which has the following roles and responsibilities:

- a) approves and submits to the approval of the Ordinary General Meeting the shareholders' remuneration policy of the Company, according to the law, and supervises its implementation, including the elaboration of the remuneration report and its submission for approval by the OGMS;
- b) approves any modifications of the remuneration policy, which it submits to the approval of the Company's shareholders, examines and monitors their effects;
- c) takes into account the contributions of the competent departments/ compartments/ sectors/profit centers, such as production, acquisitions, sales, economic, human resources, etc.

d) establishes and monitors the remuneration of the members of the executive management;

e) monitors the execution/degree of fulfillment of the mandate contracts and the aferent remuneration packages;

f) evaluates the fulfillment of the key performance indicators (KPI) and monitors the calculation method of the variable remuneration.

Therefore, considering the attributions mentioned above, retained in the task of the Board of Directors, we specify that it is not intended to set up a remuneration committee, and the Board will exercise these attributions directly/in person.

The executive management (deputy directors / managers) has the following role and responsibilities:

a) reviews and proposes for approval to the Board of Directors the remuneration policies of the employees;

b) monitors the efficient implementation of the principles and policies regarding the performance evaluation and the remuneration of the employees;

c) analyzes and proposes the granting of bonuses to the employees within the budgets established by the General Meeting of Shareholders, based on the annual evaluation of the employees;

The Human Resources Service has the following roles and responsibilities:

a) provides the human resources necessary to achieve the strategic objectives of the company in terms of recruitment and application of remuneration policies;

b) monitors the efficient implementation of the remuneration process;

c) apply the procedures regarding the remuneration and remuneration, in order to guarantee a fair and competitive remuneration and reward system.

d) offers consultancy and ensures correctness and objectivity in the evaluation process.

## **Remuneration policy procedures**

The remuneration policy is drawn up by the Board of Directors and is submitted to the vote of the Ordinary General Meeting of Shareholders provided in art. 111 of Law no. 31/1990, republished, with subsequent amendments and completions.

The implementation and monitoring of the application of the remuneration policy is in the care of the Board of Directors through the internal structures of the company with responsibilities regarding the remuneration.

Remuneration policy communications are made using aggregated, anonymized data relevant to the remuneration policy, presented in a clear and easy to understand manner.

The modification/updating of the remuneration policy will be made when necessary or at least once every 4 years, on the occasion of the revision, in compliance with the approval levels, provided by law.

The remuneration policy will be submitted to the vote at the Ordinary General Meeting of Shareholders, on the occasion of each significant change and, in any case, at least once every 4 years.

The company draws up a clear and easy-to-understand remuneration report, in which it presents a comprehensive overview of remuneration, including all benefits, regardless of form, granted or due during the last financial year to people with management responsibilities, including new recruits. and former managers in accordance with the remuneration policy.

Chairman of the Board of Directors

Huang Liang Neng

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